

# Hindalco eyes new brand identity to unlock value

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**H**indalco Industries Ltd on Thursday said that it will reposition itself as a value-added solutions provider to move away from its identity as a commodity company, mirroring the trend across the wider Aditya Birla Group.

The producer of aluminium and copper wants to reposition itself as a provider of customized products to its customers. The rebranding is an effort by the company to achieve a better valuation that is usually rewarded by the public markets to consumer-facing companies, said Satish Pai, the company's managing director.

"This is all about getting ourselves re-rated from a valuation point," Pai said. "You have huge revenues, but your stock is at five to six times multiple. All downstream companies are at eight to nine times."

The Hindalco stock, which closed 1.2% higher on the BSE on Thursday at ₹706, was trading at 11.4 times its trailing 12-month earnings. This compares to price to earnings of 21.3 for constituents of the Nifty Metal index and 43.1 for Nifty FMCG index constituents, as per data from Trendlyne.

"For Hindalco, therefore, this Masterbrand launch is a bold declaration of who we are today, what we stand for, and the future we are committed to building," said Kumar Mangalam Birla, the chairman of Hindalco and the parent Aditya Birla Group.

The company's "next chapter marks a transformative path from a metal supplier to an engineered solutions provider", he said.



Hindalco chairman Kumar Mangalam Birla.

AFP

Hindalco did not announce any new investments or product launches. It reiterated its capital expenditure plan of ₹45,000 crore over the coming four years.

The rebranding was a reflection of the investments already made by the company in value-added products over the past few years, Pai said.

"I've been talking about value-added downstream engineering for more than five years now. It took us that much time to set up the infrastructure; we have finished more than ₹5,000-6,000 crore of downstream investments which are coming on stream now," he said.

The value-added business is relatively smaller on the company's profit and loss statement. Aluminium downstream business reported an Ebitda of ₹150 crore in the October-December quarter compared to an Ebitda of ₹4,222 crore from the upstream aluminium business.

However, Pai expects the higher margins of this business and its value-added nature to enrich Hindalco's valuations. The company has a market capitalization of ₹1.59 trillion.

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